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Annual Report
Financial statements for the
year ended 31 Dec 2020

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Assembly members and advisors

PRESIDENT

Sandra Gidley Appointed July 2019

TREASURER

Mahendra Patel Appointed 2018 until July 2020

Andre Yeung Appointed July 2020

Assembly

NATIONAL BOARD CHAIRS

Claire Anderson Appointed July 2019

Jonathan Burton Appointed July 2019

Suzanne Scott-Thomas Reappointed July 2017

OTHER MEMBERS

Martin Astbury Appointed July 2019

Ewan Black Appointed July 2018

Sibby Buckle Appointed July 2019

David Carter Appointed July 2019

Duncan Craig Appointed 2019 until Nov 2020

Thorrún Govind Appointed July 2020

Mike Hannay Appointed July 2019

Jamie Hayes Appointed July 2019

John Marriot Appointed July 2020

Lynne Smith Appointed July 2019

Ashok Soni Appointed 2018 until July 2020

CHIEF EXECUTIVE

Paul Bennett

PRINCIPAL OFFICE

66 East Smithfield, London, E1W 1AW

AUDITOR

Buzzacott LLP

130 Wood St, London, EC2V 6DL

SOLICITOR

Laytons Solicitors LLP

2 More London Riverside, London SE1 2AP

BANKER

National Westminster Bank

91 Westminster Bridge Road, Lambeth, London, SE1 7HW

Letter from our President and Chief Executive

SANDRA GIDLEY FRPharms
PRESIDENT



PAUL BENNETT FRPharms
CHIEF EXECUTIVE



As President and Chief Executive respectively, it is our pleasure to again introduce the financial statements of the RPS for the most recent past year. As always, we publish our accounts fully and openly, in a manner that we believe our members would expect, and our accounts are once again subjected to the scrutiny of external audit in accordance with the applicable laws and Financial Reporting Standards.

The past year has possibly been the most challenging in living memory for us all. Outside of the devastation of the wars endured by previous generations, our society, our economy and the daily lives of all of us have never been so greatly impacted than they have by recent events. The impact of the global pandemic brought on by coronavirus has been deep and will last for several more years. It is in this context that we report on the performance of the RPS in 2020.

We could not be prouder of how the RPS has responded to these immense challenges. As the professional leadership body for pharmacy, it has been our duty, and indeed our privilege, to support our members in everything they have been doing in the fight against COVID-19, a fight which sadly has taken the lives of a number of members of the pharmacy family, and to them we will be forever grateful for the work they and all our members and healthcare colleagues have been doing throughout this terrible year. As we write this the fight continues but there is light at the end of the tunnel thanks to the work of pharmaceutical scientists and many others who have rapidly developed the various vaccines that are now being administered by pharmacists and fellow healthcare professionals throughout Great Britain.

We entered 2020 with optimism and a drive to achieve the many ambitions we had set ourselves in building on the successful year before. Despite the unknowns of Brexit, we believed our financial model to be sound and our revenue-generating activities to be robust and as protected as they could be. However, early in the new year, it soon became clear that the virus, first discovered in Wuhan at the end of 2019, was heading our way and we very quickly went into the first national lockdown. Thanks to having a robust business continuity plan in place and prior year investment in our IT architecture and systems, we were able to quickly mobilise to work remotely with little disruption. The three offices of RPS (London, Cardiff and Edinburgh) closed to all but essential

maintenance and facilities teams on 18 March. Other than for a short period when we reopened to reduced numbers of staff in a COVID-safe manner, we have remained in a state of remote operation since. We felt it important to protect our staff and equip them to work remotely, as this will ultimately best serve our members.

Despite these enormous challenges the RPS has continued to function without major difficulty, having adapted quickly to the 'new normal' of working remotely and holding meetings initially via Skype for Business, and latterly, Zoom and Teams. We adapted our operational processes and continued to produce professional guidance and advice (more of which later) and generate output (Pharmaceutical Journal, BNF and BNF for Children, for example) without major disruption. During the course of the pandemic, we did not have to furlough or make redundant a single member of staff as everyone was either required to continue with essential work in their existing role or be redeployed.

In the early phases of the pandemic, we redeployed our Education and Pharmacy & Member Experience teams to support our members and the profession to continue to provide safe and effective pharmaceutical care. This included ensuring members and the wider profession understood how best to protect themselves, colleagues and their operations during COVID-19 and advocating strongly regarding professional policy and legislation. We made many of our resources temporarily available to non-members too and created specific guidance materials on matters such as ethical decisions, podcasts and webinars for frontline practitioners. This was simply the right thing to do when faced with the pandemic.

Our support for members extended to pharmacy students and, in particular, those who became provisional registrants in 2020. Working with the regulator, and challenging when appropriate, we provided support and networking opportunities to those whose path into the profession had been severely disrupted by the pandemic. We continue to support them and have focused on early careers pharmacists in our plans while heavily investing resources into developing assessment and credentialing capability, working in partnership with health education commissioners on an interim foundation curriculum, establishing a new educational governance structure, assessing

consultant pharmacist posts and we began work on developing a world-class e-Portfolio solution.

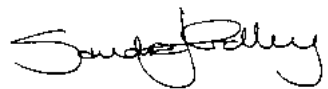
Elsewhere, we launched our affinity programme, tendered for a new partnership for our learned journals and invested in development of a new platform for the Pharmaceutical Journal. We also put great emphasis on our ambition to see a more inclusive profession, one that recognises the benefit of diversity and creates a strong sense of belonging for people to be their authentic selves in the workplace. This requires us to do to ourselves what we expect of others and we published our ethnicity pay gap for the first time whilst continuing to report on our gender pay gap as well as action planning on how to improve further.

We will cover more on all of this in our annual report, but we hope this snapshot illustrates that the organisation didn't stop doing its other important work while also supporting colleagues through the pandemic struggles. We have managed to do these things while tightly managing our costs and we are delighted to report a 2020 operating surplus for RPS as a whole of over £500K which is £229K better than budget.

Like the vast majority of organisations, our revenues were inevitably impacted as we saw event sponsorship, print advertising and sponsorship and licensing budgets of our customers challenged. This mostly impacted our publishing business with total RPS income falling some £800K below its revenue budget. This was, however, offset by the savings made as a consequence of the tight controls the Executive put in place and our total overheads were under budget by £1.25M. Inevitably within a pandemic situation, the need to travel, to stay away on business and to meet face-to-face has been greatly reduced resulting in significant savings in these areas. Our costs of governing the organisation have fallen considerably and those elected to positions on our Boards and to our Assembly, which provides fiscal oversight, are thanked for the way they have supported the organisation through these challenging times.

Many businesses and organisations have suffered from cash flow challenges during the pandemic with the downturn in the economy. We have always managed our cash flow very closely, but particularly so this year, and concluded the year £1.5M better than planned. Our debtor and creditor days were also carefully monitored and although we experienced some late receipt in payments, this did not adversely affect our cash flow. Our reserves ratio, the cash balance as a proportion of our fixed costs, finished the year at over six months and in every month from March onwards was higher than the two prior years helped by investment growth of £0.9M over the year.

There are lessons to be learnt about operating leaner as an organisation while maintaining the essential engagement with Members, Fellows, Elected Members and other stakeholders as some form of normality returns in 2021. We have demonstrated that we can embrace the use of digital technology and reach out to more of our members who might otherwise struggle to attend a physical meeting in person. We are developing a new model for events and engagement that will encapsulate that learning and will engage with our members to determine what works best for them while we continue to do everything necessary to put pharmacy at the forefront of healthcare.



SANDRA GIDLEY,
PRESIDENT



PAUL BENNETT,
CHIEF EXECUTIVE

Report of the Assembly

The Assembly presents its report and the audited financial statements of the Royal Pharmaceutical Society of Great Britain, trading as the Royal Pharmaceutical Society ("the RPS") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Royal Pharmaceutical Society is the professional membership body for pharmacists and pharmacy in Great Britain. We advance the profession of pharmacy for public and patient benefit to secure the future of the profession and our members.

We lead and promote the advancement of science, practice and education in pharmacy to shape and influence the future delivery of pharmacy driven services.

We support and empower our members to improve health outcomes for society through professional guidance, networks and resources.

We do this by providing:

LEADERSHIP

We ensure the voice of the whole profession is heard at the highest levels of healthcare and government through our responses to consultations, influencing policy development and through our expert advisory panels.

PROFESSIONAL RECOGNITION

We provide our members with professional recognition through the RPS Faculty, enabling them to gain recognition for their level of practice by employers, commissioners, patients and the public. Our expert members regularly appear in the media to ensure the public has the best information when medicines are in the news.

SUPPORT AND DEVELOPMENT

We produce professional guidance and support tools to develop and supplement our members' skills and knowledge. We work in collaboration with other Royal Colleges to develop guidance that supports effective patient care.

MEDICINES INFORMATION

We provide healthcare professionals, students and scientists with the most trusted and usable data, information and therapeutic guidance on drugs and medicines.

LEGAL STATUS

The RPS is governed by a framework comprising its Royal Charter. This is underpinned by the Regulations. The RPS was founded in 1841 and incorporated by Royal Charter in 1843.

The RPS's current Charter was granted in 2004 and was amended on 27th September 2010 to remove the RPS's regulatory powers, which transferred to the General Pharmaceutical Council ("GPhC") at that date.

GOVERNANCE

The Assembly agrees the overall strategy and top-level objectives, with Pharmacy policy making at national level being the delegated responsibility of the National Boards. The National Boards in turn set Pharmacy policy and objectives within the overall strategy and ask the relevant National Director to implement them.

The Assembly also delegates responsibility for the strategic direction of the Pharmaceutical Press to the Pharmaceutical Press Board.

The Assembly elects annually the President and Treasurer, which constitute the Officers.

CHAIRS AND OFFICERS GROUP

The Assembly authorises a group comprising the Officers and Board Chairs to:

- Appoint the Chair and members of the Finance and Investment and Audit and Risk Committees;
- Deal with issues arising which require an urgent response that do not fall within the delegated authorities of other governance bodies. Where this concerns new policy, actions would be subsequently ratified by the Assembly as appropriate;
- Deal with matters delegated by the Assembly; and

- Communicate immediately to the members of the Assembly any actions/decisions agreed, unless precluded from doing so by confidentiality.

FINANCE AND INVESTMENT COMMITTEE

The Committee was formed in 2018 and comprises of four members of the Assembly and/or National Boards and the Treasurer.

The Finance and Investment Committee is established to:

- Review the proposed Budget and its alignment with approved business plans in advance of each financial year and report its opinion to the Assembly prior to the budget being signed off;
- Monitor the integrity of the financial statements, including reports on financial performance, reviewing significant reporting issues and judgements which they contain, assess and make recommendations to the Assembly on any significant variances against approved budgets;
- Recommend to the Assembly approval of the annual financial statements;
- Assess the adequacy of internal and external financial reports and that reports are accurate and timely, assess the effectiveness and adequacy of accounting, financial and operating controls and satisfy itself that the annual financial statements represent fairly the financial position of the RPS;
- Review significant accounting policies and procedures and recommend changes to the Assembly review and monitor the appropriateness of the RPS's financial reserves policy;
- Monitor the effectiveness of the arrangements in place to secure economy, efficiency and effectiveness, and value for money;
- Oversee short and long-term investments
- Review the Investment strategy and make recommendations to the Assembly for change where deemed appropriate, review the current Statement of Investment principles and recommend changes as required for consideration by the Assembly;
- Review the implementation of approved capital projects to determine if the agreed objectives are being achieved and review post-implementation reports;
- Monitor the Diversified Growth Fund;
- Ensure that the fund is performing to expectations;
- Assess if the policy between asset classes and asset managers is deemed appropriate;
- Monitor the exercise of the investment powers that have been delegated to the fund managers
- Appoint (and when necessary dismiss) the investment managers and investment consultants;
- Review the appropriate amount of funds to deposit with the Fund manager periodically balanced against the competing needs for investment in the RPS and cash flow forecasts; and
- Review the investment in property assets and the balance between this and other investment options.

The Finance and Investment Committee met three times in 2020 and the following issues were considered: -

- Financial performance. Regular reviews of the RPS's financial performance for 2020. Members noted the post-audit report for the 2019 audited accounts and agreed that it be presented to Assembly in March 2020.
- Three-Year business plan and investment strategy. Review of the financial plans on behalf of the Assembly, where ultimate fiduciary duty lies. The annual review of the investments fund's overall objectives and performance was also undertaken.

AUDIT AND RISK COMMITTEE

The Committee comprises of two appropriately skilled members of the Assembly who are not Officers of the RPS or Board Chairs, one lay member of the Assembly, one external, appropriately skilled, lay Chair and one additional external member who has finance and audit expertise.

The Audit and Risk Committee is established to:

The Audit and Risk Committee is established to:

- Advise on the appointment of external financial auditors;
- Set the remit for the audit;
- Review, with the auditors, the outcome of the audit and satisfy itself that the management response to any issues raised is appropriate;
- Instigate internal audits of any processes it deems appropriate and satisfy itself that the management response to any issues raised is appropriate;
- Monitor the integrity of internal controls, including review of internal audit and other management reports on the effectiveness of the systems of internal control;
- Keep under review the Risk Register and advise the Assembly accordingly;
- Ensure the Society's procedures for ensuring legal compliance in all areas are implemented and enforced;
- Ensure appropriate arrangements for staff to raise concerns about possible improprieties;
- Review anti-fraud and whistleblowing policies;
- Assess the scope and effectiveness of the systems designed to identify, assess, manage and monitor significant risks.

The Audit and Risk Committee met three times during 2020 and the following issues were considered: -

- Risk Management and Business Continuity. As the RPS evolves as a business, so do the risks it faces. The committee continued to ensure that the Executive Team and Assembly maintained awareness of the key risks facing the RPS and that suitable action plans were in place to deal with them;
- External Audit. Members noted the post-audit report for the 2019 audited accounts;
- Internal Audit. With the Committee's input, the programme of internal audit work continues and it was designed to test a range of financial and non-financial systems and processes, thus providing assurances that they are robust, and where weaknesses are uncovered, the necessary recommendations have been made and corrective action taken;

- Cyber-crime and IT Security. The Committee continues to monitor the threat of cyber-crime as the organisation continues to evolve in an increasingly digital data-driven world. Mitigating cyber risks and preventing attacks by way of a cyber risk management strategy helps identify the risks and put the correct defences in place;
- Data Protection. The Committee continues to ensure that privacy is embedded into any new processing or product that is deployed and has clear policies to ensure the Society reacts quickly to any data breach.

RISK MANAGEMENT

The RPS policy on risk management continues to be reviewed to ensure that it meets the requirements in terms of identifying risk across the organisation and that the control and assurance measures in place are appropriate and proportionate to deal with these risks. The consideration of risk is included in the planning process and is reviewed monthly by the Executive and at the Audit and Risk Committee and the Assembly meetings.

In the area of business continuity, the plans are subject to continual review. It will be necessary to test the current plans and to engage on an exercise to communicate the plans to managers and other staff.

The IT architecture has also been significantly improved with automatic failover in the event of a problem with an internet connection and increased capacity to improve resilience at all locations. The security of the RPS Museum and Library assets, hardware and staff are covered by an extensive range of security devices at the London headquarters.

Some of the areas which pose a higher risk to the RPS business plan are as follows:

- Member retention and recruitment;
- Competition from other bodies within the pharmacy sector;
- Cyber-crime and IT security;
- Security of assets and information; and
- Potential increase in pension costs.

The RPS has a robust governance process to ensure that investments being made in 2020 achieve the objectives set.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the President, the Treasurer, the Chairs of the three National Boards and one lay member. The Committee agreed that a 1.5% basic salary increase will be budgeted for 2021. A salary increase will apply to all staff.

THE EXECUTIVE TEAM

Consisting of the Chief Executive and Directors, the Team has delegated responsibility for the day-to-day management of the RPS. The Executive Team in turn provides the Assembly, boards and committees with sufficient information on a timely basis in regard to the performance, financial condition, operating results and prospects of the RPS to enable the organisation to fulfil its governance responsibilities.

Each year, there are three formal meetings of the Assembly as well as one strategy day. Further meetings of the Assembly can be called if necessary.

PENSION SCHEME

The latest information on the pension scheme is given below: -

There was a new tri-annual Actuarial Valuation, (as at 31 December 2018), undertaken on behalf of the Trustees in 2019. The Assembly and Trustees have agreed that the annual contribution will increase to £700,000 from 2021 to 2024 and a final payment of £325,000 in 2025, when the deficit is predicted to be eliminated.

The Trustees, in consultation with the RPS, decided to maintain the mid to long-term strategy to de-risk the scheme's assets and more closely match its liabilities. Both the Trustees and the RPS recognise the problems financial market volatility can cause in pension funding and planning.

The strategy implemented during 2011 to move from equities to bonds when key trigger points in relative bond/equity positions are reached, was continued. This was continuously reviewed at Trustees meetings based on sound advice from actuarial advisors and amended if decided appropriate and in the best interest of the Scheme.

The Trustees undertook a 'buy-in' in respect of the current pensioners to remove the risk of increased costs arising from extended life projections.

The 'buy-in' represents an insurance policy that would pay an annuity to the fund and does not favour any particular group of pensioners. It was not economic to do the same for deferred pensioners as the insurance pricing for the uncertainty of this group was cost prohibitive.

More information regarding the Pension Scheme can be found in note 20 to the financial statements. This information includes disclosures required by FRS102.

FINANCIAL RESULTS

The financial result for 2020 before interest and taxation is a surplus of £869,000. The comparative result for 2019 was a deficit of £1,372,000.

Overall, total revenues fell by £182,000 in the year. Member recruitment has been especially challenging with COVID-19 as a backdrop. From March onwards, the business transitioned to running all events online in support of members, and therefore there were no physical events held and, as a consequence, significantly reduced revenue. Digital publishing revenues grew by 8%, whilst print experienced difficulty through blockages in the supply chain through the second and third quarters of the year. Print and advertising performed better as markets began to open towards the end of quarter three and into quarter four. New business development had its own challenges as customers have felt the impact of COVID-19 on their financial position and have either been unwilling to or unable to commit to new capital investment.

The spending review undertaken at the end of 2019, which focused on delivering our most vital services to members, whilst reducing costs and releasing capacity for other key priorities, led to £1,800,000 of efficiencies. This combined with the transition to online working practices, one which many businesses experienced in 2020, resulted in a £2,423,000 fall in year-on-year expenditure.

The investment portfolio has increased by 14.3% (2019: 7.8%) to £7,921,000 in 2020 (2019: £5,556,000). £1,500,000 was added to the investment portfolio in July of 2020.

After incorporating movements on provisions, gains on investments, interest and the tax liability for the year, the final result is a surplus of £1,639,000. The comparative result for 2019 was a surplus of £138,000.

A more detailed analysis of income and expenditure is included in note 2 to the financial statements to enhance transparency and help with the interpretation of the financial information.

Excluding pension scheme deficit adjustments, the balance sheet remains strong, with net assets of £32,880,000 (2019 - £31,531,000).

In conclusion, the Society remains strong financially, despite challenging economic and political conditions in the UK and globally.

STATEMENT OF THE ASSEMBLY'S RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Assembly is responsible for preparing the Report of the Assembly and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

By Royal Charter, the Assembly is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RPS and of the income and application of resources, including the income and expenditure, of the RPS for that period.

In preparing these financial statements, the Assembly is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether United Kingdom Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RPS will continue in operation.

The Assembly is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RPS. They are also responsible for safeguarding the assets of the RPS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Assembly members confirms that:

- So far as the member is aware, there is no relevant audit information of which the RPS's auditor is unaware; and
- The member has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the RPS's auditor is aware of that information.

The Assembly members are responsible for the maintenance and integrity of financial information included on the RPS website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The auditors, Buzzacott LLP, will be proposed for re-appointment.

By order of the Assembly



ANDRE YEUNG
TREASURER

17th March 2021



PAUL BENNETT
CHIEF EXECUTIVE

17th March 2021

Independent auditor's report to the assembly of the Royal Pharmaceutical Society of Great Britain

OPINION

We have audited the financial statements of the Royal Pharmaceutical Society ("the RPS") for the year ended 31 December 2020 which comprise the statement of income and retained earnings including the statement of other comprehensive income, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the RPS's affairs as at 31 December 2020 and of its surplus of income over expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the RPS in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom,

including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Assembly's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the RPS's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Assembly with respect to going concern are described in the relevant sections of this report.

EMPHASIS OF MATTER

– PROPERTY VALUATION UNCERTAINTY

We draw attention to the accounting policy on page 28 of the financial statements regarding fixed asset and investment properties, and notes 9 and 10, which set out the material uncertainty related to the valuation of the RPS's properties that has arisen as a result of the Coronavirus pandemic. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The members of the RPS are responsible for the other information. The other information comprises the information included in the report of the Assembly and the Letter from the President and Chief Executive other than that within the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in

the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the RPS and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report. We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE ASSEMBLY

As explained more fully in the statement of the Assembly's responsibilities, RPS's members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the RPS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the RPS or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the RPS and the sector in which it operates. We determined that the following laws and regulations were most significant: the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), anti-bribery regulations, employment law, health and safety legislation and data protection regulations.
- We understood how the RPS is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Assembly minutes and papers provided to the Audit and Risk Committee.
- We assessed the susceptibility of the RPS's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;


- Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial statement item to which they relate.

We did not identify any irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

USE OF OUR REPORT

This report is made solely to the members of the Assembly, as a body, in accordance with the Bye Laws of the RPS. Our audit work has been undertaken so that we might state to the RPS's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the RPS and the RPS's members as a body, for our audit work, for this report, or for the opinions we have formed.


23 March 2021

BUZZACOTT LLP
STATUTORY AUDITOR
130 Wood Street
London
EC2V 6DL

Statement of income & retained earnings

FOR THE YEAR ENDED 31 DECEMBER 2020

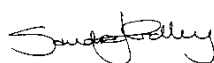
	Note	2020 £000s	2020 £000s	2020 £000s	2020 £000s	2020 £000s	2019 £000s
		GENERAL RESERVE	PENSIONS RESERVE	INVEST. RESERVE	PROPERTY RESERVE	TOTAL	TOTAL
Income	2	23,324	247	75	-	23,646	23,828
Expenditure	2	(22,737)	-	(40)	-	(22,777)	(25,200)
Operating surplus/(deficit)		587	247	35	-	869	(1,372)
(Increase)/Decrease in provisions	14	(103)	-	-	-	(103)	954
Net investment gains	10	-	-	872	-	872	562
Interest payable	4	-	-	-	-	-	(6)
Surplus on ordinary activities before taxation	5	484	247	907	-	1,638	138
Taxation	6	-	-	-	-	-	-
Surplus on ordinary activities after taxation		484	247	907	-	1,638	138
Transfers between funds		(1,458)	-	1,458	-	-	-
Other comprehensive income							
Pension scheme actuarial (loss)/ gain	18	-	(783)	-	-	(783)	790
Deferred tax	17	-	140	(24)	(18)	98	(173)
Retained (deficit)/surplus for the year		(974)	(396)	2,341	(18)	953	755
Reconciliation of funds							
Total funds brought forward		19,803	(1,746)	7,021	4,707	29,785	29,030
Accumulated funds as at 31 December 2020		18,829	(2,142)	9,362	4,689	30,738	29,785

Balance sheet

AS AT 31 DECEMBER 2020

	Note	2020 £000s	2020 £000s	2019 £000s	2019 £000s
Fixed Assets					
Heritage Assets	7		3,500		3,500
Intangible assets	8		1,777		1,880
Tangible assets	9		21,118		21,814
Investments	10		9,322		6,586
			35,717		33,780
Current assets					
Investments			-		371
Stock	11		99		62
Debtors	12		4,729		6,010
Cash in hand and at bank			2,630		1,164
			7,458		7,607
Creditors: amounts falling due within one year	13		(2,848)		(3,720)
Net current assets			4,610		3,887
Total assets less current liabilities			40,327		37,667
Creditors: amounts falling due after one year			(50)		(50)
Deferred income	14		(7,161)		(5,995)
Provisions	15		(103)		-
Pension scheme liability	20		(2,483)		(1,947)
Deferred tax asset	19		208		110
Net assets			30,738		29,785
Funds employed					
Accumulated fund			18,829		19,803
Property revaluation reserve	18		4,689		4,707
Investment reserve:					
Historical cost	17		7,669		5,608
Revaluation reserve	17		1,693		1,413
Revaluation reserve			14,051		11,728
Total funds before pension asset			32,880		31,531
Pension scheme reserve			(2,142)		(1,746)
Total funds including surplus/deficit on pension scheme reserve			30,738		29,785

The financial statements were approved by the Assembly on 17 March 2021 and were signed on its behalf by Sandra Gidley and Andre Yeung:



SANDRA GIDLEY
PRESIDENT



ANDRE YEUNG
TREASURER

Statement of cash flows

YEAR TO 31 DECEMBER 2020

	Note	2020 £000s	2019 £000s
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	3,255	(1,762)
Cash flows from investing activities			
Payments to acquire tangible fixed assets		-	(620)
Payments to acquire intangible fixed assets		(371)	(185)
Payments to acquire investments		(5,626)	(4,736)
Receipts from disposal of investments		3,979	7,584
Investment income received		75	139
Net cash (used in) provided by investment activities		(1,943)	2,182
Change in cash and cash equivalents in the year		1,312	420
Cash and cash equivalents at 1 January 2018	B	1,535	1,115
Cash and cash equivalents at 31 December 2018	B	2,847	1,535

Notes to the cash flow statement for the year to 31 December 2020

A. Reconciliation of net movement in funds to net cash provided by (used in) operating activities	2020 £000s	2019 £000s
Net income before transfers	1,638	138
Pension adjustment	(247)	(236)
Amortisation charge	474	454
Depreciation charge	665	684
Net investment gains	(872)	(562)
Loss on disposal of tangible fixed asset	31	96
Investment income	(75)	(139)
(Increase)/decrease in stock	(37)	1
Decrease in debtors	1,281	218
Increase/(decrease) in creditors	397	(2,416)
Net cash provided by (used) in operating activities	3,255	(1,762)
B. Analysis of changes in cash and cash equivalents	At 31 Dec. 2020 £000s	At 31 Dec. 2019 £000s
Cash at bank and in hand	2,630	1,164
Cash held by investment managers	217	371
Total	2,847	1,535

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below. The policies have been applied consistently throughout the year.

A ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The accounts are presented in sterling and are rounded to the nearest thousand pounds.

B GOING CONCERN AND AREAS OF CRITICAL JUDGEMENT

The Assembly members have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The Assembly has made this assessment in respect to a period of one year from the date of approval of these accounts.

In addition to the above, the total eventual impact of the ongoing global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the Society's activities, suppliers and the wider economy. Estimates used in the accounts, particularly with respect to the value of listed investments (see note 10) are the properties (see below) are subject to a greater degree of uncertainty and volatility.

There may be a shortfall against budget in 2020 but the lost income is being offset by greater cost savings, resulting in an increased surplus before investments. Reserves could cover any reasonably foreseeable losses in the next few years, but not in the longer term.

The Assembly members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the RPS to continue as a going concern.

The Assembly are of the opinion that the RPS will have sufficient resources to meet its liabilities as they fall due.

Preparation of the accounts requires the Assembly to make critical judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- Licensing income. An element of the reportable licensing income is a combination of deferred and accrued income, as determined by the contractual terms of each agreement;
- Property valuations. The properties were formally valued with professional assistance as at 31 December 2017. As a consequence of the coronavirus pandemic, less weight can be attached to previous market evidence to inform opinions of value and The Royal Institute of Chartered Surveyors (RICS) has announced that valuations using the RICS Red Book guidance are now reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty can be attached to these valuations than would normally be the case. This applies to all property valuations in the UK.

In light of this, the Assembly did not obtain a formal valuation in 2020. The Assembly has considered general market conditions and note that there is independent evidence to suggest that the property values may have increased, but there is also opposing independent evidence to suggest that the property values may have decreased by a similar amount. In light of the contradictory evidence, Assembly has concluded that there is unlikely to be any material change in the carrying value of these properties since the last formal valuation.

C CAPITALISATION POLICY

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

D HERITAGE ASSETS

The RPS's heritage assets comprise collections of books, drug jars, silver plates and general artefacts. Any additions to the collection are now received by way of donations. See note 8 for further information.

Heritage assets have been recognised in the balance sheet separately from other assets at a valuation that reflects the value of the asset at the time it was acquired by the charity.

The assets have been valued by St George Valuations, taking into account full market value. The work was begun in 2015 and was completed in early 2016. This was treated as deemed cost.

The RPS carries out an annual impairment review to assess whether a heritage asset is impaired and, if so, to recognise and measure the impairment loss.

E TANGIBLE FIXED ASSETS

Depreciation is calculated in order to write off the cost of tangible fixed assets, less their estimated residual values, in equal annual instalments over the expected useful economic lives of the assets.

The principal annual rates in use are:

	Annual Rates
Freehold property	2%
Short leasehold	Over life of the lease
Plant and machinery	5%-20%
Office equipment	10% - 33%

No depreciation is provided on freehold land and no depreciation is provided on assets in the course of construction.

The RPS has adopted a policy of revaluation for its freehold properties. This asset class was revalued as at 31 December 2017 to fair value at the date of revaluation. In subsequent years, freehold properties will be held at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The Assembly are of the opinion that there has been no material change in the carrying value of the properties since the last valuation. Further commentary is provided in the principal accounting policies under b).

F INTANGIBLE FIXED ASSETS

Intangible assets are initially recognised at the cost to the RPS of acquiring these assets. Amortisation of intangible fixed assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives.

Intangible assets which are technological in nature are assumed to have useful lives of five years and are amortised accordingly at an annual rate of 20%.

Intellectual Property assets, categorised under intangible fixed assets, are deemed to have a longer estimated useful life, and are amortised at an annual rate of 10%.

An annual impairment review is carried out for each asset after it has been brought into use to re-assess its remaining useful life and that it still meets the definition of an intangible asset. Provision is made for assets that are no longer deemed to give an ongoing benefit to the RPS for a period greater than 12 months.

G INVESTMENTS

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The portion of listed investments to be sold for a cash drawdown to fund the Society's operations in a period less than one year is shown under current assets. Cash held by investment managers is also shown within current assets. The remainder of the listed investments are considered fixed asset investments.

The main form of financial risk faced by the RPS is that of volatility in equity and other investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Properties held for investment purposes are included in these accounts at open market value. Investment properties are revalued periodically when the market value of the investment property is known to be materially different to the carrying value of that property.

The property was formally valued with professional assistance as at 31 December 2015. As a consequence of the coronavirus pandemic, less weight can be attached to previous market evidence to inform opinions of value and The Royal Institute of Chartered Surveyors (RICS) has announced that valuations using the RICS Red Book guidance are now reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty can be attached to these valuations than would normally be the case. This applies to all property valuations in the UK.

In light of this, the Assembly did not obtain a formal valuation in 2020. The Assembly has considered general market conditions and note that there is independent evidence to suggest that the property value may have increased, but there is also opposing independent evidence to suggest that the property value may have decreased by a similar amount. In light of the contradictory evidence, the Assembly has concluded that there is unlikely to be any material change in the carrying value of the property since the last formal valuation.

Further commentary is provided in the principal accounting policies under b).

H STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value and after making due allowance for obsolete and slow-moving items. Materials and associated pre-press costs make up the unit cost of printed goods. In line with industry practice, the RPS is writing off publication editorial costs as incurred.

I INCOME

Income from professional activities and publishing is stated net of Value Added Tax, where appropriate, and represents the invoiced value of goods and services supplied.

Membership fees and other subscriptions are recognised in the statement of income and retained earnings in the year to which they relate on a pro rata basis, with the excess of receipts over income recognised carried forward in the balance sheet as deferred income.

Interest on loans and deposits is accrued as earned.

J REVENUE GRANTS

Revenue grants receivable are matched against the expenditure of the specific projects in respect of which they are granted. Where projects span more than one accounting period, any excess of grants received over expenditure incurred to date is carried forward in the RPS's Balance Sheet as a current liability.

K FOREIGN EXCHANGE

Assets and liabilities denominated in foreign currencies are translated into sterling using HMRC rates as at the balance sheet date. Foreign exchange differences are taken to the statement of income and retained earnings in the year in which they arise.

Forward currency contracts are a form of complex financial instrument. They are recognised at their fair value at the balance sheet date. Gains or losses arising during the year on such contracts are credited or debited to the statement of income and retained earnings.

L PENSION COSTS

The RPS operates a defined contribution arrangement for all eligible employees to which the RPS contributes varying percentages of salary depending upon the age of the employee. Contributions to the scheme are accounted for on an accruals basis.

As the Defined Benefit pension scheme accrual ceased from April 2012, there is no current service cost. The pension scheme assets are measured using fair values at each balance sheet date. The scheme's liabilities are measured using the projected unit actuarial method. Actuarial gains and losses, in respect of the RPS's Defined Benefit scheme are recognised in other comprehensive income for the period. Other movements are allocated to the statement of income and retained earnings.

M DEBTORS

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

N CASH AT BANK AND IN HAND

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

O CREDITORS AND PROVISIONS

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the RPS anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

P FUND STRUCTURE

The investment reserve comprises two elements: the cost of the RPS's investments and the total return earned on those investments. Total return comprises two elements: a capital return and an income return.

Q OPERATING LEASE RENTALS

Operating lease rentals are charged to the statement of income and retained earnings over the lease term on a straight-line basis.

R DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the RPS's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

2 Income and expenditure

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Income		Expenditure	
		2020 £000s	2019 £000s	2020 £000s	2019 £000s
From professional body activities					
Professional Member fees		4,623	4,878		
Assembly		-	-	55	111
Chief Executive		-	-	1,046	1,132
Pharmacy and Member Experience		236	531	3,287	4,657
Education		382	58	1,005	819
Technology		-	-	2,228	2,357
Operations		25	153	3,215	4,268
Cost transfer to Pharmaceutical Press		-	-	(2,263)	(2,306)
Total from professional body activities		5,266	5,630	8,573	11,397
Pharmaceutical Press		18,058	17,818	11,901	11,482
Costs transfer to Pharmaceutical Press		-	-	2,263	2,306
Total Pharmaceutical Press		18,058	17,818	14,164	13,788
Total for the year		23,324	23,448	22,737	25,185

3 Information regarding employees

FOR THE YEAR ENDED 31 DECEMBER 2020

Employee costs represent:	2020 £000s	2019 £000s
Wages and salaries	9,480	9,971
Social security costs	1,034	1,047
Pension costs	1,148	1,202
Redundancy costs	98	44
	11,760	12,264
The number of persons employed by the RPS at the end of the year was	2020 No.	2019 No.
Chief Executive's Office	10	10
Education	13	12
Pharmaceutical Press	98	94
Pharmacy and Member Experience	50	60
Operations	20	25
Technology	21	19
	212	220
Monthly average of employees in post during the year	2020 No.	2019 No.
	217	223
Chief Executive and Directors' remuneration	2020 £000s	2019 £000s
Basic salaries	1,559	1,529
Benefits	1	5
Pension contributions	94	103
	1,654	1,637
Chief Executive and Directors' remuneration, excluding pension contributions, fell within the following ranges	2020 No.	2019 No.
£1 - £70,000	1	3
£70,001-£80,000	2	2
£80,001-£90,000	1	-
£90,001-£100,000	4	1
£100,001-£110,000	-	1
£110,001-£120,000	3	1
£120,001-£130,000	1	2
£130,001-£140,000	1	1
£140,001-£150,000	1	2
	14	13

4 Interest payable and similar expenditure

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000s	2019 £000s
Interest payable	-	6
	-	6

5 Surplus on ordinary activities before taxation

This is stated after charging	2020 £000s	2019 £000s
Operating lease rentals	42	42
Depreciation of fixed assets	1,138	1,136
Auditor's remuneration		
Buzzacott LLP: audit services		
Prior Year	-	6
Current Year	29	30
Buzzacott LLP: other services	7	9

6 Taxation

	2020 £000s	2019 £000s
Profit for the period	1,639	126
Expected tax charge at 19% (2019: 19.25%)	311	24
Effects of		
Disallowable expenditure	107	(153)
Unrecognised deferred tax	(92)	(253)
Non-taxable income	(213)	243
Adjustment to opening deferred tax rate	(13)	-
Movement on pension scheme (see note 18)	(216)	241
Revaluation gains	408	68
Actual tax charge	293	170

7 Heritage assets

The Museum of the RPS, established in 1842, has collections covering all aspects of British pharmacy history including:

- Traditional dispensing equipment;
- Drug storage containers;
- Fine "Lambeth delFTWARE" dating from the 1600s and 1700s;
- Proprietary (brand name) medicines dating from the 1700s to present;
- Bronze and bell metal mortars;
- Medical caricatures;
- A photo archive.

Preservation and management

The Museum's curators are responsible for maintaining the Museum's register of objects. There are around 45,000 objects within the collection, of which only a sample is on display at any one time. Objects in the stored collections are available to be viewed by appointment.

The RPS elected to value these heritage assets in the year to 31 December 2015 and this is treated as deemed cost.

8 Intangible fixed assets

	INTELLECTUAL PROPERTY £000	PRODUCT DEVELOPMENT £000	TOTAL £000
Cost			
As at 1 January 2020	240	2,816	3,056
Additions	-	371	371
As at 31 December 2020	240	3,187	3,427
Depreciation			
As at 1 January 2020	22	1,154	1,176
Charge for the year	25	449	474
As at 31 December 2020	47	1,603	1,650
Net Book Value			
As at 31 December 2020	193	1,584	1,777
As at 31 December 2019	218	1,662	1,880

9 Tangible fixed assets

	FREEHOLD PROPERTY £000s	LONG LEASEHOLD £000s	PLANT & MACHINERY £000s	OFFICE EQUIPMENT £000s	TOTAL £000s
Cost					
As at 1 January 2020	20,221	111	2,082	1,407	23,821
Additions	-	-	-	1	1
Disposals	-	(111)	-	(2)	(113)
As at 31 December 2020	20,221	-	2,082	1,406	23,709
Cost					
Valuation - 2019	17,348	111	2,082	1,834	21,375
	3,454	-	-	-	3,454
	20,802	111	2,082	1,834	24,829
Depreciation					
As at 1 January 2020	573	74	520	841	2,008
Charge for the year	346	7	115	197	665
Disposals	-	(81)	-	(1)	(82)
As at 31 December 2020	919	-	635	1,037	2,591
Net Book Value					
As at 31 December 2020	19,302	-	1,447	369	21,118
As at 31 December 2019	19,649	37	1,561	566	21,812

The RPS's freehold properties were revalued as at 31 December 2017, by a registered valuer at GL Hearn in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation professional standards. Market value was used as the basis for fair value. At acquisition, components of the properties were allocated to freehold property and plant for the purposes of calculating depreciation. At acquisition, components of the properties were allocated to freehold property and plant for the purposes of calculating depreciation. At revaluation, the gain was attributed to land and freehold property.

As a consequence of the coronavirus pandemic, less weight can be attached to previous market evidence to inform opinions of value and The Royal Institute of Chartered Surveyors (RICS) has announced that valuations using the RICS Red Book guidance are now reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.

Consequently, less certainty can be attached to these valuations than would normally be the case. This applies to all property valuations in the UK. The Assembly are of the opinion that there has been no material change in the carrying value of the properties since the last valuation.

10 Investments

	INVESTMENT PROPERTY £000s	LISTED INVESTMENTS £000s	TOTAL 2020 £000s	TOTAL 2019 £000s
As at January 2019	1,401	5,185	6,586	10,451
Additions	-	5,626	5,626	4,736
Transfers	-	-	-	(1,579)
Disposal at book value (proceeds: £3,979,000, realised gains: £416,000)	-	(3,563)	(3,563)	(6,970)
Unrealised gains/(losses)	-	456	456	(52)
As at 31 December 2020	1,401	7,704	9,105	6,586
Cash held for reinvestment	-	217	217	371
Total investments as at 31 December 2020	1,401	7,921	9,322	6,956
Historical cost of investments as at 31 December 2020	427	7,242	7,669	5,608

11 Stocks and work in progress

	2020 £000	2019 £000
Work in progress	6	5
Finished goods and goods for resale	93	57
	99	62

12 Debtors

	2020 £000s	2019 £000s
Trade debtors	2,342	2,699
Other debtors	359	1,060
Prepayments and accrued income	2,028	2,032
VAT debtor	-	219
	4,729	6,010

13 Creditors

Amounts falling due within one year	2020 £000s	2019 £000s
Trade creditors	1,099	940
Other taxes and social security	272	289
Other creditors	650	1,571
Accruals	650	920
VAT debtor	177	-
	2,848	3,720

14 Deferred income

Income has been deferred as a result of the Society receiving amounts in advance of the period that they relate to for activities that have been analysed below:

	2020 £000s	2019 £000s
Subscription income	3,785	3,772
Licensing income	1,951	1,390
Membership income	543	576
Other income	882	257
	7,161	5,995

15 Provisions

	2020 £000s	2019 £000s
As at January 2020	-	1,887
Additions	103	-
Released	-	(1,887)
As at 31 December 2020	103	-

Provisions totalling £103,000 were made in the year in relation to onerous contracts.

16 Financial commitments

The total future minimum lease payments over these periods are as follows:

	2020 £000s	2019 £000s
Operating leases due:		
Within one year	28	42
Within two to five years	-	28
	28	70

17 Investment Reserve

The make-up of the investment reserve as at 31 December 2020 is	2020 £000s
Investment reserve as at 1 January 2020	7,021
Deferred tax	(24)
Net investment gains	872
Foreign exchange gains on derivative financial instruments	16
Surplus of investment income over management expenses	19
Transfers from general reserves	1,458
Investment reserve as at 31 December 2020	9,362

Unapplied total return available within the investment reserve	Income return £000s	Capital return £000s	Total
As at 1 January 2020	201	1,656	1,857
Returns in the period	19	888	907
Returns released to the general reserve	-	-	-
As at 31 December 2020	139	2,544	2,764

18 Property revaluation reserve

The make-up of the investment reserve as at 31 December 2020 is	2020 £000s	2019 £000s
As at 1 January 2020	4,707	3,860
Property revaluation gain	-	800
Deferred tax	(18)	47
As at 31 December 2020	4,689	4,707

19 Deferred Tax Asset / (Liability)

	2020 £000s	2019 £000s	2018 £000s
Opening deferred tax asset	110	283	(186)
Pension scheme liability	140	(241)	(235)
Investment movements	(18)	47	189
Property revaluation	(24)	21	515
Actual tax charge	-	-	-
Total net deferred tax asset / (liability)	208	110	283

20 Pensions

Payments into the defined contribution/Group Stakeholder Pension Plan scheme of £547,000 (2019: £601,000) were due in the year, of which £92,000 (2019: £106,000) were outstanding at year end.

The RPS Staff Pension Scheme is a Defined Benefit scheme closed to new entrants. The assets of the scheme are held separately, under the control of its trustees, and the RPS does not have access to these funds. An actuarial assessment was carried out as at 31 December 2018 and the results have been updated to 31 December 2019 by a qualified actuary.

In April 2012, the RPS closed the scheme to future accrual, but continues to look at ways to reduce its exposure to the Scheme and limit the cost of maintaining the Scheme in the future. In accordance with the requirements of section 28 of FRS102, the Scheme actuary has carried out a valuation of the Scheme using the assumptions specified by the reporting standard.

The assumptions used in calculating the expected return on assets and the Scheme's liabilities are detailed in the following disclosures.

The FRS102 valuation as at 31 December 2020 reveals a scheme deficit of £2,483,000. This is an increase on the deficit declared at the end of 2019 of £1,947,000.

In addition to the contribution rates required to meet the cost of benefits earned by members in the future, the RPS is paying monthly contributions of £50,000. This will increase to £58,333 from 2021 to 2024, with a final payment of £350,000 in 2025. It is anticipated that the additional contributions will eliminate the shortfall revealed by the 31 December 2012 valuation by the end of 2025.

The next full actuarial valuation is due not later than as at 31 December 2021. The Employer will continue to monitor funding levels on, at least, an annual basis.

The total contributions for the year ended 31 December 2020 were £600,000.

A THE AMOUNTS RECOGNISED IN THE BALANCE SHEET ARE AS FOLLOWS

	2020 £000	2019 £000
Present value of funded obligations	(71,595)	(65,052)
Fair value of plan assets	69,112	63,105
Net liability	(2,483)	(1,947)

B CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION ARE AS FOLLOWS

	2019 £000	2018 £000s
Opening defined benefit obligation	65,052	63,021
Benefits paid	(2,441)	(2,828)
Administration costs	299	283
Interest cost	1,216	1,791
Actuarial (gain) loss	7,449	2,785
Past service costs including curtailments	20	-
Defined benefit obligation at end of year	71,595	65,052

C CHANGES IN THE FAIR VALUE OF THE SCHEME ASSETS ARE AS FOLLOWS	2020 £000	2019 £000
Opening fair value of scheme assets	63,105	60,049
Interest income	1,182	1,709
Actuarial gain (loss)	6,666	3,575
Employer contributions	600	600
Benefits paid	(2,441)	(2,828)
Fair value of scheme assets at the year end	69,112	63,105

D THE AMOUNTS INCLUDED WITHIN THE STATEMENT OF INCOME AND RETAINED EARNINGS ARE AS FOLLOWS	2020 £000	2019 £000
Past service costs including curtailments	(20)	-
Administration cost	(299)	(283)
Total amount charged within surplus as operating activities before tax	(319)	(283)

E ANALYSIS OF PENSION FINANCE COSTS	2020 £000	2019 £000
Interest on scheme assets	1,182	1,709
Interest on pension liabilities	(1,216)	(1,791)
Pension finance costs	(34)	(82)

F AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME	2020 £000	2019 £000
Actuarial (loss) gain on assets	6,666	3,575
Actuarial (loss) gain on liabilities	(7,449)	(2,785)
Actuarial gain recognised in other comprehensive income	(783)	790

G THE MAJOR CATEGORIES OF SCHEME ASSETS AS A PERCENTAGE OF TOTAL SCHEME	2020	2019
UK equities	10.7%	10.0%
LDI	22.4%	19.3%
DGF	26.6%	27.2%
Insurance Contracts	35.6%	38.7%
Cash	4.7%	4.8%
Total	100.0%	100.0%

H SCHEME PRINCIPAL ASSUMPTIONS AT THE BALANCE SHEET DATE (EXPRESSED AS WEIGHTED AVERAGES):

	2020	2019
Discount rate	1.20%	1.90%
Retail Prices Index (RPI) inflation	3.15%	3.20%
Retail Prices Index (RPI) inflation	2.35%	2.20%
Consumer Prices Index (CPI) inflation	2.35%	2.20%
Rate of increase of pensions in deferment:		
LPI (max 3%) based on CPI	2.05%	1.95%
LPI (max 5%) based on RPI	3.00%	3.05%
LPI (max 2.5%) based on RPI	2.00%	2.05%

I HISTORICAL TRENDS

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Defined benefit obligation	71,595	65,052	68,433	70,143	57,550	60,167
Scheme assets	(69,112)	(63,105)	(64,239)	(63,878)	(54,685)	(56,294)
Surplus / (deficit)	(2,483)	(1,947)	(4,194)	(6,265)	(2,865)	(3,873)
Non-recognition of surplus	-	-	-	-	-	-
Experience adjustments on scheme liabilities	(7,449)	(2,785)	373	(12,833)	2,923	(5,464)
Experience adjustments on scheme assets	6,666	3,575	1,538	9,156	(2,044)	(1,452)

J LIFE EXPECTANCY

	2020	2019
Retiring Now		
Males	27.0	26.9
Females	29.3	29.1
Retiring in 20 years		
Males	28.8	28.7
Females	30.8	30.6

21 Related Party Transactions

In 2020, payments for Board and Assembly related activities totalled £87,000 (2019: £225,000). These payments cover fixed allowances and expenses to undertake their roles, which may necessitate travel and accommodation to and from meetings where it is not possible or practical to participate remotely. Some members are released by employers, and certain members with extra responsibilities will be expected to represent RPS externally.

Thanks to their expertise within the pharmaceutical field, Assembly and Board members may also complete small pieces of editorial work or be engaged in the delivery of educational events on behalf of the RPS.

22 Member expenses

MEMBER	POSITION HELD	ATTENDANCE FEES	TRAVEL	OTHER	TOTAL
Mary Lynne Smith	Assembly	2,223	229	-	2,462
John Marriott	Assembly	-	-	-	-
Mike Hannay	Assembly	-	-	-	-
Thorrun Govind	English Pharmacy Board & Assembly	1,576	0	0	1,576
Andre Yeung*	English Pharmacy Board & Assembly	8,366	316	100	8,782
Brendon Jiang*	English Pharmacy Board	1,407	131	-	1,538
Duncan Petty	English Pharmacy Board	-	180	-	180
Tracey Thornley	English Pharmacy Board ***	897	-	-	897
Hemant Patel	English Pharmacy Board	-	-	-	-
Mahendra Patel	English Pharmacy Board & Assembly	1,580	-	-	1,580
Martin Astbury**	English Pharmacy Board & Assembly	16,561	77	76	16,714
Ashok Soni*	English Pharmacy Board & Assembly	625	-	-	625
David Carter	English Pharmacy Board & Assembly	2,370	235	4	2,609
Sandra Gidley*	English Pharmacy Board & Assembly	25,320	93	-	25,413
Sibby Buckle	English Pharmacy Board & Assembly	2,859	283	25	3,167
Claire Anderson*	English Pharmacy Board & Assembly***	6,077	336	-	6,413
Ailsa Power	Scottish Pharmacy Board	563	-	-	563
Andrew Carruthers	Scottish Pharmacy Board	1,388	32	-	1,420
Anne Boyter	Scottish Pharmacy Board	-	-	-	-
Alasdair Angus MacIntyre	Scottish Pharmacy Board	-	-	-	-
Deborah Alice Stafford	Scottish Pharmacy Board	200	75	-	275
Brian Addison*	Scottish Pharmacy Board	750	127	-	877
Kathleen Cowle	Scottish Pharmacy Board	-	-	17	17
Tamara Cairney	Scottish Pharmacy Board	125	-	-	125
John McAnaw	Scottish Pharmacy Board & Assembly	-	-	-	-
Jonathan Burton*	Scottish Pharmacy Board & Assembly	3,980	96	-	4,076
Ewan Black	Scottish Pharmacy Board & Assembly	1,769	73	94	1,936
Adam Mackridge	Welsh Pharmacy Board	-	146	100	246
Richard Evans	Welsh Pharmacy Board	2,000	181	-	2,181
Cheryl Way	Welsh Pharmacy Board	-	-	-	-
Jodie Gwenter	Welsh Pharmacy Board	-	-	-	-
Robert Davies	Welsh Pharmacy Board	1,040	-	24	1,064
Sudhir Sehrawat	Welsh Pharmacy Board	769	-	-	769
Dylan Jones	Welsh Pharmacy Board***	1,025	-	-	1,025
Paul Harris	Welsh Pharmacy Board	-	-	-	-
Jamie Hayes	Welsh Pharmacy Board & Assembly	-	-	-	-
Suzanne Scott-Thomas	Welsh Pharmacy Board & Assembly	-	-	-	-
		83,480	2,627	423	86,530

* Attendance amounts include other pieces of work undertaken, such as Community Pharmacy Consultation Service (CPCS) facilitation.

** Amounts include stipend as a member of the Publishing Board.

*** Attendance fees are paid direct to the Member's employer.

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